

SUMMARY
Financial analysis for garment cleaners:
Implications of participating in the TURA program

Toxics Use Reduction Institute
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Background. The TURA program is currently considering the possibility of designating perchloroethylene (PCE) as a higher hazard substance. This document considers possible financial implications for garment cleaners.

Financial profile of the garment cleaning sector. In 2002, dry cleaning facilities in Massachusetts had average receipts of \$380,695 per plant. These facilities had an average of 7.4 paid employees, with an average payroll of \$20,334 per employee.

Costs of participating in the TURA program. We base our calculations on an average facility reporting 7.4 employees, although only facilities reporting ten or more employees would be subject to TURA requirements. Assuming that the TURA program provides services to facilitate the planning process for cleaners, and that the existing fee structure remains unchanged, we estimate TURA compliance costs of about \$3,400 to \$3,800. Thus, costs would be around 1% of total sales for an average facility with 7.4 paid employees, or less for a larger facility. Changes to the TURA fee structure may also decrease this ratio. Alternatively, assuming the program does not provide any special services for cleaners, costs are estimated at about \$5,600, or 1.5% of total sales of an average facility.

Opportunities for facilities participating in the TURA program. Participation in the TURA program can also facilitate the identification and adoption of cost saving options. In particular, wet cleaning offers cost advantages. A study conducted in California found that cleaners were able to reduce operating costs when they shifted from PCE to dedicated wet cleaning. Facilities achieved savings ranging from 23% to 48% in monthly process-dependent operating costs. More generally, TURA filers frequently identify options to reduce or eliminate their use of toxic substances while simultaneously achieving financial benefits.

According to industry sources, Massachusetts garment cleaners are actively shifting away from PCE. This makes it particularly important to provide timely assistance in identifying and adopting the best alternatives.

California's Non-Toxic Dry Cleaning Incentive Program. For comparison, the California Air Resources Board assesses a fee on the distributors that sell PCE to dry cleaners. The fee was set at \$3 per gallon in 2004, and increases one dollar per gallon per year from 2005 to 2013.

Summary. The costs of participating in the TURA program are relatively small in relation to total receipts of a typical garment cleaner. Changes to the TURA fee structure are likely to make these costs even smaller. In addition, facilities that shift to wet cleaning may achieve savings in operating costs that are greater than or equal to the costs of participation in the program.